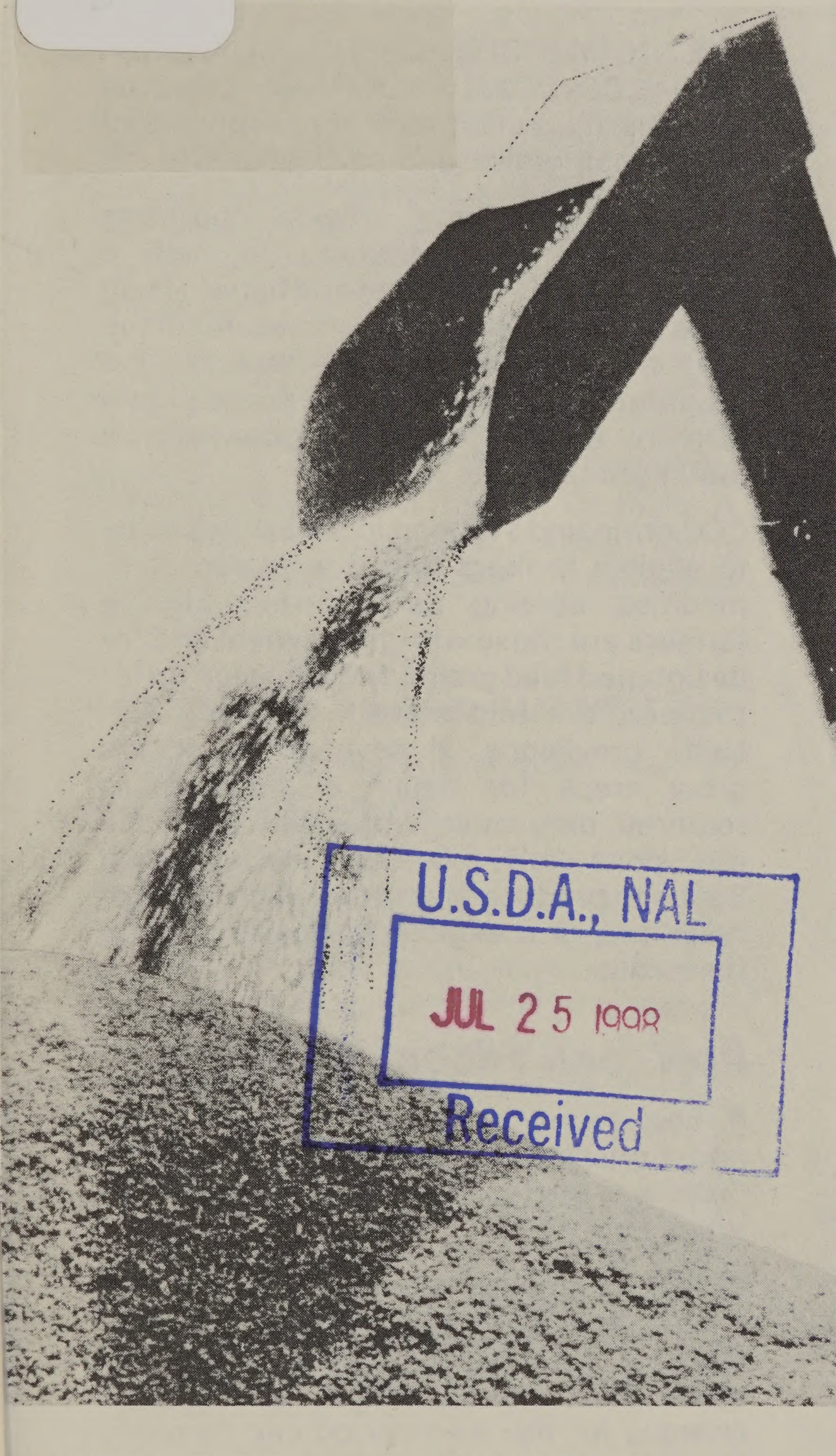
N PROGRAMS
GRAIN
DUCERS

RVEST FINANCING



UNITED STATES
DEPARTMENT OF
AGRICULTURE

AGRICULTURAL
STABILIZATION AND
CONSERVATION
SERVICE

LOAN PROGRAMS FOR GRAIN PRODUCERS

POST-HARVEST FINANCING

THE COMMODITY CREDIT CORPORATION (CCC) LOAN PROGRAMS serve as valuable marketing tools for producers of corn, small grains and soybeans.

The loan programs provide operating capital and allow farmers to hold a commodity off the market and benefit from price increases that often come later in the season after harvest. Although the programs do not guarantee participating farmers a profit, they do guarantee a minimum price.

CCC grain and soybean loans are available to eligible farmers with the stored commodities serving as security. Eligible farmers are those who grow wheat and/or designated feed grains and who sign up for the program and comply with any set-aside provisions. If soybean producers grow crops for which a set-aside is required, they must comply with set-aside provisions for those set-aside crops. Soybean producers who do not grow a set-aside crop are eligible for loans without restriction.

HOW LOAN PROGRAMS WORK

- The county Agricultural Stabilization and Conservation Service (ASCS) office disburses the loan by issuing a draft drawn on CCC.

- The commodity may be stored on the farm or in a CCC-approved public storage facility. For commodities stored in warehouses, a deduction for storage charges for the loan period can be made from the loan proceeds if farmers do not wish to pay these charges directly.

● With limited exceptions, commodity loans are nonrecourse. Producers may satisfy the loan obligation by:

1. repaying the loan at any time prior to maturity.

2. forfeiting the commodity to CCC in the event prices at loan maturity are below the loan rate.

● Grain loans are available to producers for approximately 10 months following harvest. Loans mature on demand but no later than the last day of the 9th calendar month following the month the loan is made.

● Interest rates for the CCC loan program are reviewed annually by the Corporation with the goal of keeping the rate of interest charged to producers in line with CCC borrowing costs from the U.S. Treasury. A rate is set for the crop year, and all loans made for that crop year bear the same rate of interest.

DETERMINING LOAN QUANTITIES

Farm-stored loan quantities may be determined in 2 ways:

1. Farmers may pay ASCS a measurement fee. A county office representative will measure the bin, make a visual quality analysis of the grain, and obtain a representative sample for a test weight determination. The measured quantity is adjusted by a test weight and pack factor, and the loan is based on 100 percent of the determining quantity.

2. Producers certify the quantity and inform ASCS of the basis for the determination. The loan will be based on up to 90 percent of the certified quantity. Farmers also certify that the structure and the grain are in good condition.

A farmer who forfeits a loan commodity to CCC is responsible for any loss of

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quantity and/or quality of farm-stored grain.

County loan rates for farm-stored commodities are based on average quality grain.

Warehouse loans are based on the actual quantity and quality shown on the warehouse receipt. The county loan rate is used after adjusting for applicable premiums and discounts.

For further information about CCC loan programs contact your county ASCS office.

Participation in programs administered by ASCS is open to all eligible farmers regardless of race, color, age, sex, religion, or national origin.